



Bundesministerium  
des Innern

# The Discussion on Benchmarking within the Framework of the Second Stage of the Reform of Germany's Federal Structure

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# Background

## Second stage of the reform of Germany's federal structure:

- Creation of the Commission on the Modernization of Federation-*Länder* Financial Relations on 15 December 2006
- 16 members of each the German Bundestag and the Bundesrat
- Main objectives:
  - A) Financial constitution / financial relations  
*(control of public debts, procedure to prevent budgetary hardships)*
  - B) Improve the way the state fulfils its responsibilities in the Federal and *Länder* administrations and facilitate the voluntary merger of *Länder*.



## Improve the way the state fulfils its responsibilities: Examples

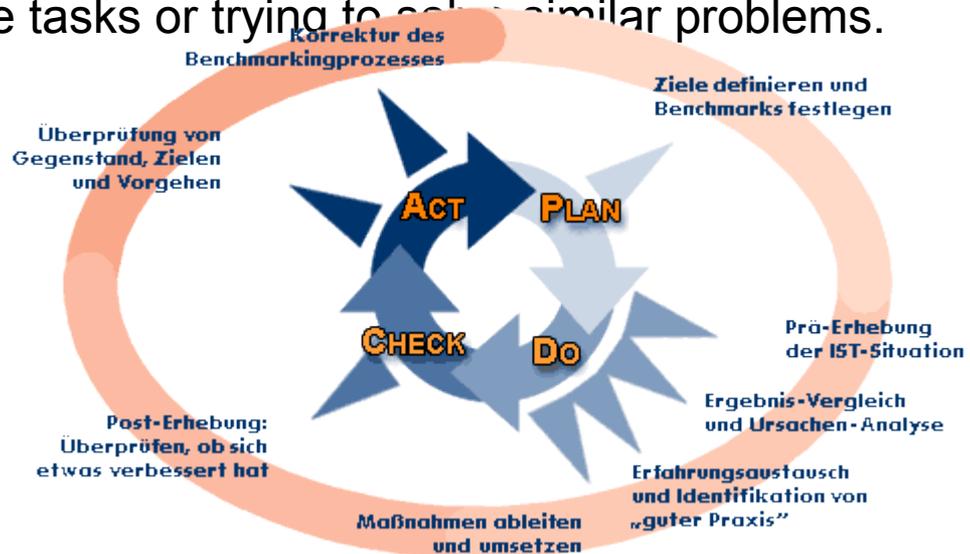
- Optimize existing structures of authorities and cooperation between them  
(e.g. in the production of statistics, in geo-data)
- Facilitate horizontal and vertical administrative cooperation
- Optimize IT management in federalism  
(IT network infrastructure and IT interoperability)
- **Extend and institutionalize benchmarking to improve the quality of administrative action**



# Benchmarking is

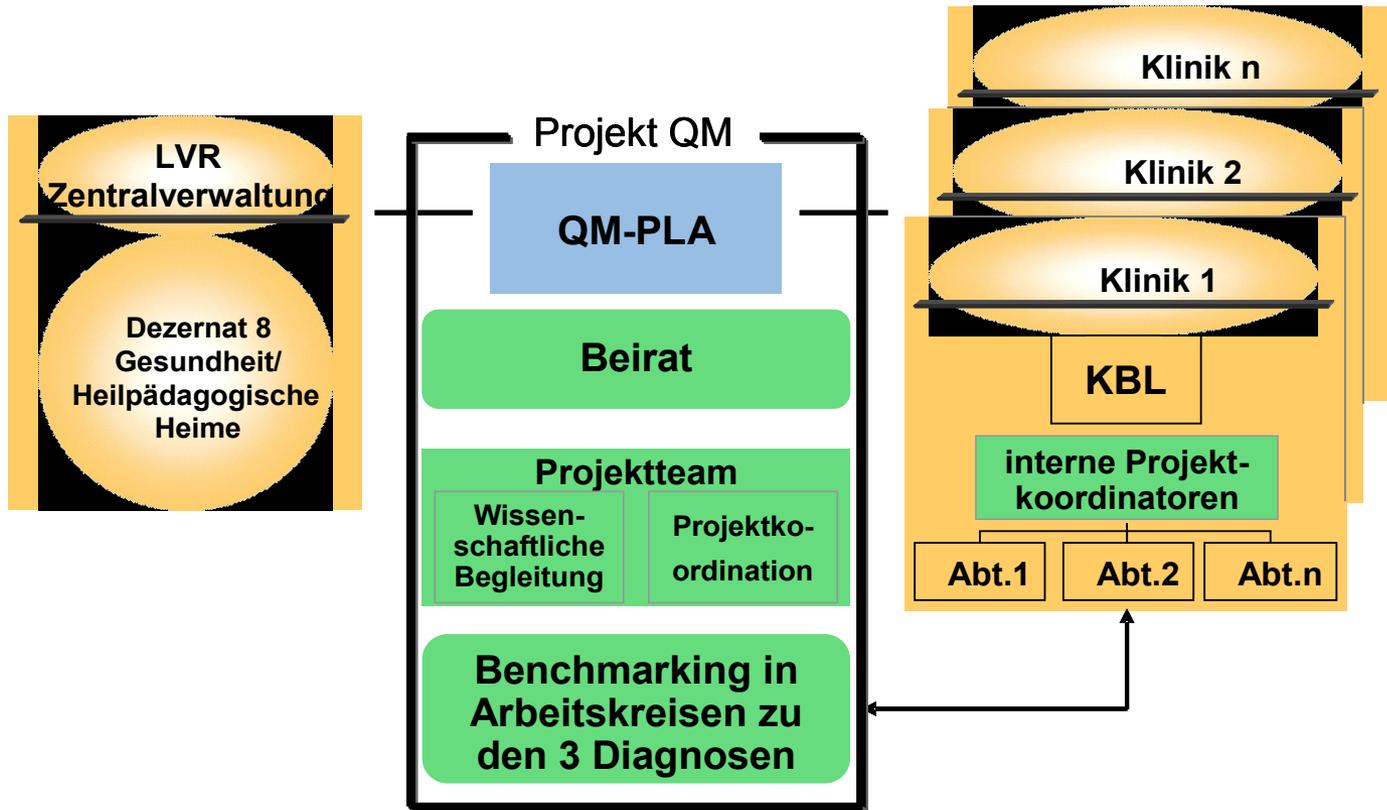
## ... a method of learning

- to improve the quality of workflows, organizational structures and work results (input, output, outcome)
- based on a systematic comparison and exchange of experience of best practices
- between partners (organizations, local and regional authorities) performing the same tasks or trying to solve similar problems.





# Example 1: Benchmarking healthcare Subproject: Psychiatric acute care - Organization



**Organization:** mainly **internally** with **external** support



## Example 2: Consumer protection index of the consumer association “verbraucherzentrale bundesverband” with external support (BRIDGES)

- Consumer protection policy is characterized by:
  - **Länder competence** in shaping this policy area (in addition to the EU and the federal level): The **Länder** may serve as the **benchmarking** level;
  - the **cross-sectional nature** of consumer protection: Because of transparency deficits this index provides a major benefit;
  - the **political relevance**: Major interest in the results by the public (however: problems of acceptance with the interviewed institutions)
- The **three objectives** of the consumer protection index
  - Raise **public awareness** for the issue of consumer protection;
  - Launch constructive **competition** between the *Länder*;
  - Increase the **transparency** and **analysis** of consumer protection policy
- **Procedure**
  - **Define standards** in consumer protection policy, e.g. on the basis of legal provisions (EU and federal level);
  - Have a **neutral agency** (BRIDGES) **conduct studies**
  - **Update** the index every two years (2004; 2006; 2008 currently being prepared)



## Example 3: Benchmarking of tax offices

### Procedure

Projektablauf	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Bayern	Pilotprojekt				Flächendeckende Einführung					
Sachsen	Pilotprojekt				Flächendeckende Einführung					
Thüringen		Transferprojekt			Flächendeckende Einführung					
Rheinland-Pfalz			Transferprojekt		Flächendeckende Einführung					
Mecklenburg-Vorpommern							Transferprojekt		Flächendeckende Einführung	
Sachsen-Anhalt							Transferprojekt		Flächendeckende Einführung	
Niedersachsen									Transferprojekt	

- Benchmarking in Bavaria, Mecklenburg-Western Pomerania, Lower Saxony, Rhineland-Palatinate, Saxony, Saxony-Anhalt and Thuringia is based on a **cooperation agreement**.
- **KPMG Deutsche Treuhand Gesellschaft AG** advises the *Länder* in the implementation of benchmarking.



## **Example 4: Benchmarking at local level** **Indicators and comparisons in the IKO network\* of the** **KGSt (Office for Streamlined Local Government): Local** **benchmarking rings**

A benchmarking ring is an association of approximately 7 to 15 local authorities or institutions of roughly the same size measuring and comparing their performance to achieve specific objectives, such as efficiency, quality and customer and staff satisfaction.

The **comparison between local authorities** helps analyze one's own status quo and is not intended as a ranking.

\* IKO = Interkommunal  
(intercommunal)



## **Example 4: Benchmarking at local level Indicators and comparisons in the IKO network of the KGSt (local benchmarking rings)**

### Objectives

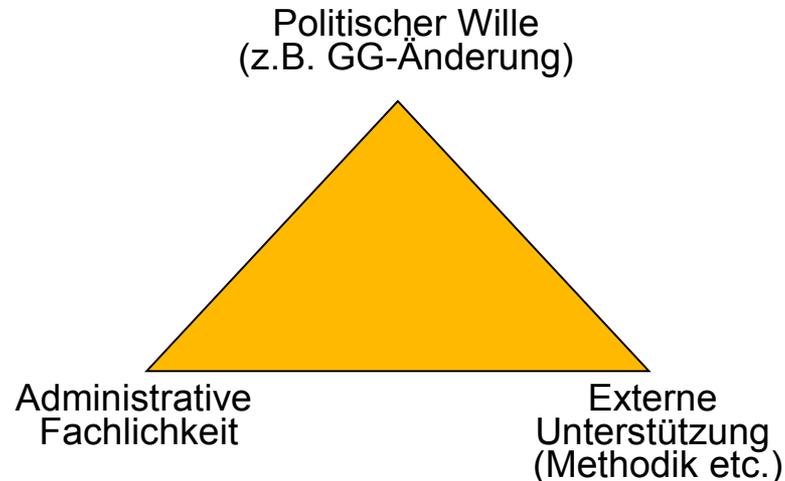
- Develop and apply indicator systems
- Illustrate local performance with the help of indicators
- Promote exchange of experience between local authorities
- Illustrate good examples
- Optimize local management
- Forge and maintain networks
- Identify potentials for saving, optimization and improvement
- Integrate indicators in local reporting and controlling systems
- Support work on indicators via the Internet
- Provide comparative figures for local management

**Support for local authorities provided by the Kommunale  
Gemeinschaftsstelle (KGSt, Office for Streamlined Local  
Government)**



# Conclusions

- Examples show that benchmarking is possible and useful in federal systems
- Benchmarking helps improve the quality of administrative action
- No uniform methodology, depends on the issue at stake
- Innovation alliances are necessary



- Despite these positive examples there is still a huge demand for benchmarking in the federal system of Germany:  
The decision taken by the Conference of Minister-Presidents on 15/16 December 2004 on comparisons of quality and performance has not been consistently implemented; not always sufficient data basis.



**Institutionalization of benchmarking within the framework of the second stage of the reform of Germany's federal structure**



# Solution

## 1. Amendment to the Basic Law:

### ■ New Section VIII. b “Cooperation”:

#### Art. Xx

**(y) The Federation and the *Länder* shall conduct benchmarking studies to identify and promote the performance of their administrations and publish the results.**



## 2. Assigning and Implementing Benchmarking Studies

- Regular comparisons of quality and performance based on a **decision by the Federation and the *Länder*** and assignment of this task to a **Benchmarking Agency**.
- **Benchmarking Agency** for the Federation and the *Länder*: Deutsches Forschungsinstitut für öffentliche Verwaltung Speyer (**FÖV**, German Research Institute for Public Administration) at the decision of the FÖV management board (members: Federation and the *Länder*). The FÖV conducts benchmarking studies or assigns them to **other institutions**.
- The **FÖV management board** decides on benchmarking topics upon the proposal of the members of Working Group VI of the Conference of Interior Ministers, the Federal Ministry of the Interior or other Ministers Conferences. The **FÖV board** is responsible for **conducting** benchmarking studies or for assigning them to another institution.
- When conducting or assigning benchmarking studies, the FÖV is **supported** by an **advisory board** of national and international experts.
- The **Federal Government and the *Länder*** are **free to decide** whether to **participate** in a benchmarking study.
- **Publication** by the FÖV: Methodological basis and results of studies
- Each year, a **report** on the results of benchmarking studies together with a plan for the future is published by the FÖV and discussed by the **Federal Chancellor and the Minister-Presidents of the *Länder***. This report is then forwarded to the Conference of Interior Ministers (Working Group VI) and possibly to other Ministers Conferences.
- It remains up to the **Federal Government and the *Länder*** to draw any **political conclusions**.

### Advantages:

- Use of a renowned institution outside the administration
- Independence / Quality assurance
- Transparency
- Voluntary nature